NEWS RELEASE

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FOR IMMEDIATE RELEASE
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Minot Man Indicted on 22 Federal Charges

FARGO - United States Attorney Drew Wrigley announces that **Frederick W. Keiser, Jr.** of Minot, North Dakota, was indicted by a Federal grand jury on June 8, 2005, charged with ten counts of wire fraud, nine counts of money laundering, one count of conspiracy to defraud the United States for the purpose of impeding the Internal Revenue Service, and two counts of conspiracy to commit money laundering. **Keiser** entered a plea of not guilty on December 5, 2005, before United States Judge Ralph R. Erickson, in his first appearance in United States District Court on the charges.

Keiser, 61, formerly farmed and worked as a licensed commodities broker in the Minot, North Dakota, area. Between approximately July 1999 and April 2001, **Keiser** and others devised a scheme to defraud and obtain money from potential investors by inducing them to invest in a so-called international bank debenture trading program, through a Grenadian company called Preferred Trust and Management Ltd. The object of the scheme to defraud was for **Keiser** to enrich himself at the expense of his investors.

The nonexistent debenture trading program was promoted through an internet website, which falsely represented that the world's leading banks engage in a trading program in which high-yield bank

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instruments are purchased at a substantial discount and sold at a higher price, resulting in exorbitant yields to investors. The website also falsely represented that the trading programs are regulated by the International Chamber of Commerce (ICC) under Regulation 500 and falsely claimed that investors' funds are "absolutely and irrevocably" protected.

As part of the scheme **Keiser** solicited in excess of $2 million from over 200 investors for PTM's fictitious bank trading program. Over a one-year period from approximately January 2000 to January 2001 **Keiser** received nearly $950,000 in bonuses from investors' funds. **Keiser** used a portion of the bonus money he obtained by fraud for his personal purposes, including the purchase of approximately $68,000 of diamond jewelry. During the same one-year period that **Keise**r received nearly $950,000 in bonus money the vast majority of those who invested in PTM through **Keiser** received nothing. Many of these investors received "lulling" statements showing the investors that on paper they were making money on their investments.

The North Dakota Securities Commissioner issued a cease and desist order to halt **Keiser's** activities related to PTM in January 2001. **Keiser** then became involved with a second bank debenture investment scheme affiliated with a company called Mid-China Capital Management. **Keiser** again promoted the scheme to investors, who in turn invested approximately $2 million dollars in the new scheme between August 2001 and December 2002.

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Keiser has also been charged with involvement in a conspiracy to defraud the Internal Revenue Service through participants utilizing foreign corporations, offshore bank accounts, debit cards, and shredding and burning documents in order to hide and conceal income from the IRS and others, and to avoid payment of federal income taxes.

The statutory maximum sentence for wire fraud is 20 years' imprisonment; the money laundering counts carry potential imprisonment ranges from 10 to 20 years' each; and conspiracy to defraud the United States carries a maximum sentence of 5 years' imprisonment.

The case is being investigated by the United States Internal Revenue Service - Criminal Investigation Division and United States Bureau of Immigration and Customs Enforcement. Wrigley stressed that an indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.